

HOUSE BILL 3634
By McDaniel

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4, Part 21, relative to certain economic
development incentives.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109(c), is amended by adding the following language as a new, appropriately designated subdivision:

(5) For each capital investment in a business enterprise in excess of one hundred thousand dollars (\$100,000), to be invested over a period not to exceed three (3) years from the filing of the first business plan relating to the business enterprise, that creates a corresponding increase of one (1) net new full-time job with "full progression" or "top out" wages equal to or greater than one hundred fifty percent (150%) of Tennessee's average industrial wage for all manufacturing sectors as reported in the month of January of the year in which such full-time employee jobs are created, the credit allowed in subdivision (c)(2)(A) shall be four thousand five hundred dollars (\$4,500) for each net new full-time job created. The preceding sentence shall only apply to business enterprises for which the capital investment during the maximum three (3) year period is at least one hundred million dollars (\$100,000,000). For the purposes of this subsection (c), "full progression wage" and "top out wage" are synonymous and mean the wage that an employer assigns to a given job, to be obtained after a worker has completed all required training and experience in that job over an initial period not to exceed three (3) years. For purposes of this subsection (c), the full-time employee jobs are deemed created when first filled by employees, not when such employees attain "full progression" or "top out" wage status. In addition to the tax credits allowed to the

taxpayer under this subdivision (c)(5) for the first tax year, all or a portion of the tax credits allowable under this subdivision (c)(5) may also apply to offset taxpayer's franchise and excise tax liability under this chapter for any tax year after the first tax year, up to a total period not to exceed ten (10) years for each net new job with "full progression" or "top out" wages equal to or greater than one hundred fifty percent (150%) of Tennessee's average industrial wage for all manufacturing sectors as reported in the month of January of the year in which such full-time employee jobs are created in excess of the number of net new jobs for which a credit was taken in the preceding tax year. Any job for which a credit was taken in the tax year immediately preceding the current tax year which does not remain filled for the entire current tax year shall be netted against any new job for which a credit might otherwise have been available in the current tax year; provided, that the commissioner of economic and community development, with the written concurrence of the comptroller of the treasury, shall have determined that the location and nature of the capital investment is economically desirable and in the best interests of the citizens of this state, and shall have executed a writing specifying, for a given business enterprise, the maximum period for which the additional tax credits granted pursuant to this subsection (c) will be allowed, and the amount or percentage of additional tax credits that will be allowed from year to year after the first tax year during the specified maximum period. For purposes of this subsection (c), a required capital investment shall be deemed to have been made as of the date of payment or the date the business enterprise enters into a legally binding commitment or contract for purchase or construction. The three-year period for making the required capital investment and the three-year period after completion by a worker of initial training or probationary period provided for herein may be extended by the commissioner of economic and community development for a reasonable period, not

to exceed two (2) years, for good cause shown. For purposes of this subdivision (c)(5), “good cause” includes, but is not limited to, a determination by the commissioner of economic and community development that the capital investment or jobs are a result of the credit provided in this subdivision.

SECTION 2. This act shall take effect July 1, 2006, the public welfare requiring it.